



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Single Audit

Maricopa County

Year Ended June 30, 2006



Debra K. Davenport
Auditor General

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Maricopa County
Single Audit Reporting Package
Year Ended June 30, 2006

Table of Contents	Page
Comprehensive Annual Financial Report	
Issued separately	
Single Audit Section	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	3
Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs	
Summary of Auditors' Results	19
Financial Statement Findings	21
Federal Award Findings and Questioned Costs	24
County Responses	
Corrective Action Plan	33
Summary Schedule of Prior Audit Findings	39



**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Basic Financial
Statements Performed in Accordance with *Government Auditing Standards***

Members of the Arizona State Legislature

The Board of Supervisors of
Maricopa County, Arizona

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, and aggregate remaining fund information of Maricopa County as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 12, 2007. Our report was modified for a disclaimer of opinion on the financial statements of the Maricopa Health Plan Fund, the Arizona Long-Term Care System Fund, and the business-type activities. In addition, our report was modified to include a reference to our reliance on other auditors, and for a change in reporting entity for the Maricopa County Sports Commission being reported as a discretely presented component unit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Stadium District, Maricopa County Regional School District, Maricopa County Sports Commission and Housing Authority of Maricopa County, as described in our report on the County's financial statements. The financial statements of the Maricopa County Sports Commission were not audited in accordance with *Government Auditing Standards*. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide an opinion on internal control over financial reporting. However, we noted certain matters involving internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over financial reporting that, in our judgment, could adversely affect the County's ability to initiate, record, process, and report financial data consistent with the assertions of management in the basic financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 06-01 and 06-02.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 06-01 and 06-02 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests and those of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we will report to the County's management in a separate letter at a future date.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Board of Supervisors, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Dennis L. Mattheisen, CPA
Financial Audit Director

November 21, 2007



**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over Compliance in
Accordance with OMB Circular A-133**

Members of the Arizona State Legislature

The Board of Supervisors of
Maricopa County, Arizona

Compliance

We have audited the compliance of Maricopa County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006, except for that portion of the federal programs administered by the Housing Authority of Maricopa County. The Housing Authority of Maricopa County was audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the compliance of the Authority with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, is based solely on the report of the other auditors. The County's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit and the reports of the other auditors.

Maricopa County's basic financial statements include the operations of the Maricopa County Regional School District, which expended \$2,070,624 in federal awards that are not included in the County's Schedule of Expenditures of Federal Awards for the year ended June 30, 2006. Our audit, described below, did not include the operations of the Maricopa County Regional School District because the District engaged another auditor to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

As described in the following table, Maricopa County did not comply with certain compliance requirements that are applicable to the following major federal programs. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to those programs.

Program Title (CFDA Number)	Compliance Requirement	Finding Number
Twenty-First Century Community Learning Centers (84.287)	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management	06-101, 06-102, 06-103, 06-104
Community Services Block Grant (93.569)	Allowable Costs/Cost Principles	06-107

In our opinion, because of the effects of the noncompliance described in the preceding table for the Twenty-First Century Community Learning Centers (84.287) program, Maricopa County did not comply in all material respects, with the requirements referred to above that are applicable to that program. Also, in our opinion, based on our audit and the report of the other auditors, except for the noncompliance described in the preceding table for the Community Services Block Grant (93.569), Maricopa County complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the year ended June 30, 2006. The results of our auditing procedures and the report of the other auditors disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and are described in the accompanying Schedule of Findings and Questioned Costs as items 06-105, 06-106, 06-108, 06-110, 06-111, and 06-112.

Internal Control over Compliance

The County’s management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County’s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We and the report of other auditors noted certain matters involving internal control over compliance and its operation that we and the other auditors consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over compliance that, in our judgment, could adversely affect the County’s ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 06-101 through 06-112.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 06-101, 06-102, 06-103, 06-104, 06-107, and 06-109 to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, and aggregate remaining fund information of Maricopa County as of and for the year ended June 30, 2006, and have issued our report thereon dated October 12, 2007. Our report was modified for a disclaimer of opinion on the financial statements of the Maricopa Health Plan Fund, the Arizona Long-Term Care System Fund, and the business-type activities. In addition, our report was modified to include a reference to our reliance on other auditors, and for a change in reporting entity for the Maricopa County Sports Commission being reported as a discretely presented component unit. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Board of Supervisors, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Dennis L. Mattheisen, CPA
Financial Audit Director

November 21, 2007, except for the
Schedule of Expenditures of
Federal Awards, for which the
date is October 12, 2007

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2006

Federal Grantor / Program Title / Pass-Through Grantor	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
U.S. Office of National Drug Control Policy			
High Intensity Drug Trafficking Areas, passed through Pima County	07.I4PSAP549	01-11-M-134371-1003, 01-11-M-135223-1003	\$ 180,770
High Intensity Drug Trafficking Areas, passed through Pima County	07.I5PSAP549	01-11-M-136285-1004, 01-11-M-136430-1004	<u>239,725</u>
Total U.S. Office of National Drug Control Policy			<u>420,495</u>
U.S. Department of Agriculture			
Child Nutrition Cluster:			
School Breakfast Program, passed through the Arizona Department of Education	10.553	ED05-0001	263,903
National School Lunch Program, passed through the Arizona Department of Education	10.555	ED05-0001	<u>398,128</u>
Total Child Nutrition Cluster			<u>662,031</u>
Special Supplemental Nutrition Program for Women, Infants, and Children, passed through the Arizona Department of Health Services	10.557	HG361070	8,072,527
Child and Adult Care Food Program, passed through the Arizona Department of Education	10.558	KR02-1170-ALS	284,806
State Administrative Matching Grants for Food Stamp Program, passed through the Arizona Department of Health Services	10.561	HG361088	131,409
Schools and Roads Cluster:			
Schools and Roads—Grants to States, passed through the Arizona State Treasurer	10.665	None	<u>124,794</u>
Total Schools and Roads Cluster			<u>124,794</u>
Cooperative Law Enforcement Agreement	10.06-LE-11031200-003		75,844
Cooperative Law Enforcement Agreement	10.C-50-05-078-2-00		<u>55,291</u>
Total Cooperative Law Enforcement Agreement			<u>131,135</u>
Total U.S. Department of Agriculture			<u>9,406,702</u>
U.S. Department of Housing and Urban Development			
Community Development Block Grants/ Entitlement Grants	14.218		2,335,823

(Continued)

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2006
(Continued)

Federal Grantor / Program Title / Pass-Through Grantor	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Emergency Shelter Grants Program	14.231		\$ 129,519
HOME Investment Partnerships Program	14.239		7,664,504
Public and Indian Housing	14.850		1,913,934
Public and Indian Housing Drug Elimination Program	14.854		24,649
Resident Opportunity and Supportive Services— Homeownership and Family	14.870		252,123
Section 8 Housing Choice Vouchers	14.871		12,093,760
Public Housing Capital Fund	14.872		2,139,600
Lead-Based Paint Hazard Control in Privately Owned Housing, passed through the City of Phoenix	14.900	104981, 118265, 92269	10,330
Lead-Based Paint Hazard Control in Privately Owned Housing, passed through the Southwest Fair Housing Council	14.900	AZLOR001004	<u>38,772</u>
Total Lead-Based Paint Hazard Control in Privately Owned Housing			<u>49,102</u>
Total U.S. Department of Housing and Urban Development			<u>26,603,014</u>
 U.S. Department of the Interior			
Payments in Lieu of Taxes	15.226		1,858,155
Distribution of Receipts to State and Local Governments, passed through the Arizona State Treasurer	15.227	None	20,509
Sport Fish Restoration, passed through the Arizona Game and Fish Department	15.605	CA06-03	19,381
Reclamation Projects	15.9-07-30-L0298		<u>48,494</u>
Total U.S. Department of the Interior			<u>1,946,539</u>
 U.S. Department of Justice			
Comprehensive Approaches to Sex Offender Management Discretionary Grant (CASOM)	16.203		37,989
Juvenile Accountability Incentive Block Grants, passed through the Arizona Governor's Office for Children, Youth and Families	16.523	JB-GRA-03-5273-06, JB-GRA-04-6273-04	449,338
Gang-Free Schools and Communities— Community-Based Gang Intervention	16.544		12,820

(Continued)

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2006
(Continued)

Federal Grantor / Program Title / Pass-Through Grantor	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Title V—Delinquency Prevention Program, passed through the Arizona Governor's Office for Children, Youth and Families	16.548	J5-CSG-04-5273-001Y1, J5-CSG-04-5273-001YR2	\$ 85,738
Part E—State Challenge Activities, passed through the Arizona Governor's Office for Children, Youth and Families	16.549	AD030001-008Y3	17,572
National Institute of Justice Research, Evaluation, and Development Project Grants, passed through the Arizona Criminal Justice Commission	16.560	FLC-05-302	8,750
Crime Victim Compensation, passed through the Arizona Criminal Justice Commission	16.576	VC-05-056, VC-06-056	836,818
Edward Byrne Memorial Formula Grant Program, passed through the Arizona Criminal Justice Commission	16.579	AC-020-05, AC-020-06, CRI-04-076, PC-020-06	956,506
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580		771,891
Drug Court Discretionary Grant Program	16.585		90,968
Violence Against Women Formula Grants, passed through the Arizona Governor's Office for Children, Youth and Families	16.588	ST-WSG-04-6031/004Y1, ST-WSG-04-6031/005Y1, ST-WSG-04-6031-004 Y2, ST-WSG-04-6031-005 Y2, ST-IGA-06-5365-00	148,419
Grants to Encourage Arrest Policies and Enforcement of Protection Orders, passed through the Arizona Governor's Office for Children, Youth and Families	16.590	EA-GRA-04-5242-02	33,049
Local Law Enforcement Block Grant Program	16.592		333,974
Residential Substance Abuse Treatment for State Prisoners, passed through the Arizona Criminal Justice Commission	16.593	RAC-06-300 SAT-05-108, SAT-06-108	217,041
Community Capacity Development Office, passed through the City of Phoenix	16.595	117832	15,825

(Continued)

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2006
(Continued)

Federal Grantor / Program Title / Pass-Through Grantor	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Community Capacity Development Office, passed through the John C. Lincoln Health Network	16.595	2004-WS-Q4-0148	\$ 3,892
Total Community Capacity Development Office			<u>19,717</u>
State Criminal Alien Assistance Program	16.606		1,297,752
Bulletproof Vest Partnership Program	16.607		50,566
Community Prosecution and Project Safe Neighborhoods	16.609		1,424
Community Prosecution and Project Safe Neighborhoods, passed through the Arizona Criminal Justice Commission	16.609	PSN-06-1011, PSN4-06-1015	<u>11,093</u>
Total Community Prosecution and Project Safe Neighborhoods			<u>12,517</u>
Gang Resistance Education and Training	16.737		53,409
Edward Byrne Memorial Justice Assistance Grant Program	16.738		1,513,810
Edward Byrne Memorial Justice Assistance Grant Program, passed through the Arizona Supreme Court	16.738	AD-041-06	<u>746,992</u>
Total Edward Byrne Memorial Justice Assistance Grant Program			<u>2,260,802</u>
Joint Terrorism Task Force	16.66F-PX-A54566-S/LMOU		14,007
Violent Street Gang Task Force	16.66F-PX-A63747-MCSO		5,812
Desert Hawk Violent Crime Task Force	16.88A-PX-46088		14,511
Federal Equitable Sharing Agreement	16.unknown		134,275
Southwest Border Prosecution Initiative	16.unknown		<u>467,641</u>
Total U.S. Department of Justice			<u>8,331,882</u>

U.S. Department of Labor

Workforce Investment Act (WIA) Cluster:			
WIA Adult Program, passed through the Arizona Department of Economic Security	17.258	E5704007, E5705007, E5706007	3,707,213
WIA Youth Activities, passed through the Arizona Department of Economic Security	17.259	E5702007, E5703007, E5705007, E5706007	2,059,496
WIA Dislocated Workers, passed through the Arizona Department of Economic Security	17.260	E5704007, E5705007, E5706007	3,231,871

(Continued)

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2006
(Continued)

Federal Grantor / Program Title / Pass-Through Grantor	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
WIA Dislocated Workers, passed through the City of Phoenix	17.260	97240	\$ 90,537
Total WIA Dislocated Workers			<u>3,322,408</u>
Total WIA Cluster			<u>9,089,117</u>
WIA Pilots, Demonstrations, and Research Projects	17.261		677,367
WIA Pilots, Demonstrations, and Research Projects, passed through the Goodwill Industries of Central Arizona	17.261	YF-14846-05-60	<u>41,512</u>
Total WIA Pilots, Demonstrations, and Research Projects			<u>718,879</u>
Total U.S. Department of Labor			<u>9,807,996</u>
 U.S. Department of Transportation			
Highway Planning and Construction, passed through the Arizona Department of Transportation	20.205	CM-MMA-0(22), CM-MMA-0(44), JPA 03-122	485,035
Highway Planning and Construction, passed through the Maricopa Association of Governments	20.205	MAG#262	<u>688,758</u>
Total Highway Planning and Construction			<u>1,173,793</u>
Federal Transit—Formula Grants, passed through the City of Phoenix	20.507	AZ-90-X058, AZ-90-X068, AZ-90-X070	346,413
Job Access—Reverse Commute, passed through the City of Phoenix	20.516	90026	1,607,571
Highway Safety Cluster: State and Community Highway Safety, passed through the Arizona Governor's Office of Highway Safety	20.600	2003-163-017, 2005-AL-007, 2006-AL-014, 2006-AL-019	59,909
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants, passed through the Arizona Governor's Office of Highway Safety	20.601	2005-163SES-010, 2005-410-014	<u>14,399</u>
Total Highway Safety Cluster			<u>74,308</u>
Total U.S. Department of Transportation			<u>3,202,085</u>

(Continued)

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2006
(Continued)

Federal Grantor / Program Title / Pass-Through Grantor	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Institute of Museum and Library Services			
Grants to States, passed through the Arizona State Library, Archives, and Public Records	45.310	241-03-01-(07), 241-6-2-(05), 251-4-1-(09)	<u>\$ 62,478</u>
U.S. Environmental Protection Agency			
Air Pollution Control Program Support	66.001		876,296
Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034		23,251
Environmental Protection-Consolidated Research	66.500		<u>316,793</u>
Total U.S. Environmental Protection Agency			<u>1,216,340</u>
U.S. Department of Energy			
Weatherization Assistance for Low-Income Persons, passed through the Arizona Department of Commerce	81.042	004-06, 043-04	<u>164,200</u>
U.S. Department of Education			
Adult Education—State Grant Program, passed through the Arizona Department of Education	84.002	05FAEABE-570694-02A, 06FAEABE-670694-03A	158,414
Title I Grants to Local Educational Agencies, passed through the Arizona Department of Education	84.010	05FAADEL-570692-03A	2,429
Special Education Cluster (IDEA):			
Special Education—Grants to States, passed through the Arizona Department of Education	84.027	05FESCBG-560738-04A, 06FESCBG-660738-03A, 06FESCBG-670692-01A, 06FESSCG-670692-02A,	<u>46,742</u>
Total Special Education Cluster			<u>46,742</u>
Safe and Drug-Free Schools and Communities— State Grants, passed through the Arizona Department of Education	84.186	06FBPIVB-660738-06A	26,862
Even Start—State Educational Agencies, passed through the Arizona Department of Education	84.213	06FECEVS-670694-01A	130,000
Fund for the Improvement of Education	84.215		637,802

(Continued)

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2006
(Continued)

Federal Grantor / Program Title / Pass-Through Grantor	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Twenty-First Century Community Learning Centers, passed through the Arizona Department of Education	84.287	06FBPCY2-670696-01A, 06FBPCY3-660738-01A	\$ 396,381
State Grants for Innovative Programs, passed through the Arizona Department of Education	84.298	06FAATVE-660738-02A	26,673
Education Technology State Grants, passed through the Arizona Department of Education	84.318	05FAAETD-560738-01A	27,237
Reading First State Grants, passed through the Arizona Department of Education	84.357	06FSACRS-670696-04A, 06FSASRS-670696-02A	216,116
Early Reading First, passed through the Arizona State University	84.359	05-549	44,525
English Language Acquisition Grants, passed through the Arizona Department of Education	84.365	06FAAENG-670696-05A	167,066
Mathematics and Science Partnerships, passed through the Arizona Department of Education	84.366	06FAAMS2-670696-08A	265,186
Improving Teacher Quality State Grants, passed through the Arizona Department of Education	84.367	06FAAIEQ-670696-07A	<u>92,684</u>
Total U.S. Department of Education			<u>2,238,117</u>
U.S. Department of Health and Human Services			
Aging Cluster:			
Special Programs for the Aging—Title III, Part B— Grants for Supportive Services and Senior Centers, passed through Area Agency on Aging	93.044	2006-29-MCSTS, 2006-30-MCSM	489,530
Special Programs for the Aging—Title III, Part C— Nutrition Services, passed through the Area Agency on Aging	93.045	2006-29-MCSTS	160,340
Nutrition Services Incentive Program, passed through the Area Agency on Aging	93.053	2006-29-MCSTS	<u>57,264</u>
Total Aging Cluster			<u>707,134</u>
Maternal and Child Health Federal Consolidated Programs, passed through the Arizona Department of Health Services	93.110	HG361221	40,497

(Continued)

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2006
(Continued)

Federal Grantor / Program Title / Pass-Through Grantor	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Project Grants and Cooperative Agreements for Tuberculosis Control Programs, passed through the Arizona Department of Health Services	93.116	HG352247	\$ 210,206
Coordinated Services and Access to Research for Women, Infants, Children, and Youth, passed through the Maricopa Integrated Health System	93.153	C-90-04-544-1, C-90-05-082-2	16,928
Telehealth Network Grants	93.211		18,667
Hansen's Disease National Ambulatory Care Program	93.215		31,088
Family Planning—Services, passed through the Arizona Family Planning Council	93.217	None	245,256
Consolidated Health Centers (Health Care for the Homeless)	93.224		2,509,521
Substance Abuse and Mental Health Services— Projects of Regional and National Significance	93.243		365,083
Substance Abuse and Mental Health Services— Projects of Regional and National Significance, passed through the University of Arizona	93.243	Y772798	<u>46,395</u>
Total Substance Abuse and Mental Health Services—Projects of Regional and National Significance			<u>411,478</u>
Immunization Grants, passed through the Arizona Department of Health Services	93.268	HG352193	6,366,751
Centers for Disease Control and Prevention— Investigations and Technical Assistance	93.283		124,979
Centers for Disease Control and Prevention— Investigations and Technical Assistance, passed through the Arizona Department of Health Services	93.283	252031	<u>1,712,352</u>
Total Centers for Disease Control and Prevention—Investigations and Technical Assistance			<u>1,837,331</u>
Promoting Safe and Stable Families, passed through the Child and Family Resources, Inc.	93.556	C-86-97-071-1, C-86-01-015-1-02, C86-06-577-1, 4375068	50,527

(Continued)

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2006
(Continued)

Federal Grantor / Program Title / Pass-Through Grantor	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Temporary Assistance for Needy Families, passed through the Arizona Department of Economic Security	93.558	E5905047, E6301006, E6306005	\$ 948,245
Child Support Enforcement, passed through the Arizona Department of Economic Security	93.563	G 02-04-AZ-4004, G 04-04-AZ-4004	1,128,248
Low-Income Home Energy Assistance, passed through the Arizona Department of Economic Security	93.568	E6301006, E6306005	1,132,910
Low-Income Home Energy Assistance, passed through the Arizona Department of Commerce	93.568	004-06	<u>155,890</u>
Total Low-Income Home Energy Assistance			<u>1,288,800</u>
Community Services Block Grant, passed through the Arizona Department of Economic Security	93.569	E6301006, E6306005	930,895
Refugee and Entrant Assistance—Discretionary Grants, passed through the Arizona Department of Economic Security	93.576	E6305001	470,237
Refugee and Entrant Assistance—Targeted Assistance Grants, passed through the International Rescue Committee	93.584	E6304017	123,882
Head Start	93.600		18,347,307
Voting Access for Individuals with Disabilities—Grants to States, passed through the Arizona Secretary of State	93.617	HHS-2006-ACF-ADD- VOTE-0135	59,979
Social Services Block Grant, passed through Area Agency on Aging	93.667	2006-29-MCSTS, 2006-30-MCSM	252,442
Social Services Block Grant, passed through the Arizona Department of Economic Security	93.667	E6306005	<u>330,741</u>
Total Social Services Block Grant			<u>583,183</u>
Health Care and Other Facilities	93.887		245,516
Specially Selected Health Projects	93.888		118,502
HIV Emergency Relief Project Grants	93.914		6,272,439
HIV Care Formula Grants, passed through the Arizona Department of Health Services	93.917	HG454431	4,705,223
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease, passed through the Maricopa Integrated Health System	93.918	C-90-05-084-2-0, C-90-06-064-2	38,992

(Continued)

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2006
(Continued)

Federal Grantor / Program Title / Pass-Through Grantor	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs, passed through the Arizona Department of Health Services	93.919	HG361201	\$ 281,479
Healthy Start Initiative	93.926		411,888
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems, passed through the Arizona Department of Education	93.938	ED04-0052	4,895
HIV Prevention Activities—Health Department Based, passed through the Arizona Department of Health Services	93.940	152004, 152031, 152033, HG352234, HG454447, HG454516, HG652198, HG654116	374,008
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance, passed through the Arizona Department of Health Services	93.944	HG352301, HG361140 HG652198	204,256
Preventive Health Services—Sexually Transmitted Diseases Control Grants, passed through the Arizona Department of Health Services	93.977	052010, 052012, HG352222, HG354249, HG354255	559,458
Preventive Health and Health Services Block Grant, passed through the Arizona Department of Health Services	93.991	HG354175	141,785
Maternal and Child Health Services Block Grant to the States, passed through the Arizona Department of Health Services	93.994	161026, 761006, 961111, HG361140, HG361221, HP461323, HP461413	899,095
Total U.S. Department of Health and Human Services			<u>50,583,696</u>

(Continued)

See accompanying notes to schedule.

Maricopa County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2006
(Continued)

Federal Grantor / Program Title / Pass-Through Grantor	CFDA Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Homeland Security Grant Program Cluster:			
U.S. Department of Justice:			
State Domestic Preparedness Equipment Support Program, passed through the Arizona Department of Emergency and Military Affairs	16.007	2003-TE-TX-0196	\$ 2,296
U.S. Department of Homeland Security:			
State Domestic Preparedness Equipment Support Program, passed through the Arizona Department of Emergency and Military Affairs	97.004	2004-GE-T4-0051	1,027,083
State Domestic Preparedness Equipment Support Program, passed through the City of Phoenix	97.004	115440	<u>211,152</u>
Total State Domestic Preparedness Equipment Support			<u>1,238,235</u>
Emergency Management Performance Grants, passed through the Arizona Department of Emergency and Military Affairs	97.042	None	198,412
Homeland Security Grant Program, passed through the Arizona Department of Emergency and Military Affairs	97.067	2005-GE-T5-0030	<u>38,650</u>
Total U.S. Department of Homeland Security			<u>1,475,297</u>
Total Homeland Security Grant Program Cluster			<u>1,477,593</u>
U.S. Department of Homeland Security			
Urban Areas Security Initiative, passed through the Arizona Department of Emergency and Military Affairs	97.008	2004-TU-T4-0017	95,794
Emergency Food and Shelter National Board Program, passed through the United Way	97.024	025600-023	131,679
Disaster Housing Assistance to Individuals and Households in Presidential Declared Disaster Areas	97.048		7,188
Homeland Security Biowatch Program	97.091		<u>4,074</u>
Total U.S. Department of Homeland Security			<u>238,735</u>
 Total Expenditures of Federal Awards			 <u>\$ 115,699,872</u>

See accompanying notes to schedule.

Maricopa County
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2006

Note 1 - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Maricopa County and is presented on the modified accrual basis of accounting, except for Schools and Roads—Grants to States (10.665), Payments in Lieu of Taxes (15.226), Distribution of Receipts to State and Local Governments (15.227), and State Criminal Alien Assistance Program (16.606). For these programs, revenues received during the fiscal year are considered earned and are reported as expenditures. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The amount reported on the schedule for \$5,207,201 of the Immunization Grants (93.268), \$4,605,004 of the HIV Care Formula Grants (93.917), and \$90,185 of the Preventive Health Services—Sexually Transmitted Diseases Control Grants (93.977) are the value of noncash assistance expended for each of the federal programs.

Note 2 - Catalog of Federal Domestic Assistance (CFDA) Numbers

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2006 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier, a period, and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier, a period, and the word “unknown” were used.

Note 3 - Subrecipients

From the federal expenditures presented in the schedule, the County awarded the following to subrecipients:

Program Title	CFDA Number	Amount
Community Development Block Grants/ Entitlement Grants	14.218	\$ 1,867,441
Emergency Shelter Grants Program	14.231	81,761
HOME Investment Partnerships Program	14.239	7,408,847
Comprehensive Approaches to Sex Offender Management Discretionary Grant (CASOM)	16.203	19,246
Juvenile Accountability Incentive Block Grants	16.523	243,071
Edward Byrne Memorial Formula Grant Program	16.579	142,807

(Continued)

Maricopa County
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2006

Program Title	CFDA Number	Amount
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	\$ 494,666
Edward Byrne Memorial Justice Assistance Grant Program	16.738	950,000
WIA Youth Activities	17.259	1,489,679
WIA Dislocated Workers	17.260	557,372
Highway Planning and Construction	20.205	380,640
Weatherization Assistance for Low-Income Persons	81.042	141,815
Consolidated Health Centers (Health Care for the Homeless)	93.224	238,647
Substance Abuse and Mental Health Services— Projects of Regional and National Significance	93.243	320,967
Temporary Assistance for Needy Families	93.558	310,838
Low-Income Home Energy Assistance	93.568	155,890
Community Services Block Grant	93.569	433,421
Head Start	93.600	6,942,085
Social Services Block Grant	93.667	330,741
HIV Emergency Relief Project Grants	93.914	3,036,674
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	281,479
State Domestic Preparedness Equipment Support Program	97.004	<u>31,774</u>
Total Awards to Subrecipients		<u>\$25,859,861</u>

Maricopa County
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2006

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unqualified for all opinion units except for the Maricopa Health Plan Fund, the Arizona Long-Term Care System Fund, and business-type activities, which were disclaimers of opinion.

	Yes	No
Material weaknesses identified in internal control over financial reporting?	<u>X</u>	___
Reportable condition identified not considered to be a material weakness?	___	<u>X</u>
Noncompliance material to the financial statements noted?	___	<u>X</u>

Federal Awards

Material weaknesses identified in internal control over major programs?	<u>X</u>	___
Reportable conditions identified not considered to be material weaknesses?	<u>X</u>	___

Type of auditors' report issued on compliance for major programs:

Unqualified for all major programs except for Community Services Block Grant (93.569), which was qualified, and Twenty-First Century Community Learning Centers (84.287), for which an adverse opinion was expressed.

Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?	<u>X</u>	___
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Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.239	HOME Investment Partnerships Program
14.850	Public and Indian Housing
14.871	Section 8 Housing Choice Vouchers
84.287	Twenty-First Century Community Learning Centers
93.268	Immunization Grants
93.568	Low-Income Home Energy Assistance
93.569	Community Services Block Grant
93.600	Head Start
93.914	HIV Emergency Relief Project Grants
93.917	HIV Care Formula Grants

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

	Yes	No
Auditee qualified as low-risk auditee?	___	<u>X</u>

Other Matters

Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with Circular A-133 (section .315[b])?	<u>X</u>	___
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Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

Financial Statement Findings

06-01

The County should have established effective internal controls to properly administer its healthcare programs

The Maricopa Managed Care Systems (MMCS) administered the Arizona Health Care Cost Containment System (AHCCCS) – Acute Health Care program (Maricopa Health Plan Fund) and AHCCCS—Arizona Long-Term Care System (ALTCS) program (ALTCS Fund) during fiscal year 2006.

The MMCS did not have effective internal controls over its healthcare programs for claims adjudication, prepayments made to providers, and the maintenance of related financial information as evidenced by the following material deficiencies:

- The MMCS contracted with outside service organizations to process and pay all medical, dental, prescription drug, and group home claims that totaled approximately \$59.8 million in fiscal year 2006. However, the MMCS did not require their contracted service organizations to have an effective system of internal controls in place to ensure that payments were accurate and supported. In addition, MMCS did not effectively monitor their contracted service organizations. Auditors noted only one of six outside service organizations received an independent audit of its claims processing system because the MMCS did not include contractual provisions in their service organizations' contracts requiring them. Further, the MMCS failed to review and evaluate the report of the outside service organization that received the audit.
- For one of the MMCS' largest contractors used for processing acute healthcare claims, the MMCS did not take the necessary steps to ensure that this contractor's claims processing system was properly designed and fully tested prior to processing medical claims for the MMCS. This service organization processed approximately 88 percent of the Maricopa Health Plan Fund's and 38 percent of the ALTCS Fund's claims for services incurred in fiscal year 2006. The MMCS paid approximately \$49.3 million for these claims during the period and, therefore, medical expenses could be misstated on the Maricopa Health Plan and ALTCS Funds' financial statements.
- The MMCS used their trial balance report to prepare the Maricopa Health Plan and ALTCS Funds' financial statements. However, the MMCS did not reconcile paid claims to the trial balance report monthly to ensure their accounting records were maintained accurately. Auditors noted unreconcilable differences between the paid claims summaries, the trial balance reports, and the financial statements for fiscal year 2006. The most significant unreconcilable difference was \$6.7 million for the Maricopa Health Plan Fund and \$4.2 million for the ALTCS Fund. Also, the MMCS did not reconcile prepayments to claims paid for each provider monthly to ensure all prepayments were accounted for and claims were accurately applied against prepayments.
- The MMCS did not identify and recover all overpayments. Prior to fiscal year 2006, the MMCS made significant overpayments and prepayments through the OAO claims processing system to medical service providers and did not account for all overpayments and outstanding prepayments. During fiscal year 2005, the MMCS hired a consulting firm that developed a methodology to identify overpayments and outstanding prepayments. However, both the MMCS and the firm only analyzed \$130 million (22 percent) of \$586 million in medical providers' claims paid through the OAO system.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

The remaining 78 percent represents claims that were previously settled with the providers through a written agreement that stated that neither party would seek recovery from the other. Further, the MMCS did not analyze payments to providers between the OAO system and the prior claims processing systems for possible duplicate payments. Because of the failure to analyze and pursue collection efforts for all potential overpayments and outstanding prepayments, the MMCS may not have identified all likely amounts due them. These overpayments and outstanding prepayments represent a gift of public monies since there was no public purpose served and the amounts paid to medical providers exceeded the value received.

- The MMCS is responsible for ensuring that medical and nursing facility claims are accurately processed, paid, and reported to AHCCCS in a timely manner. AHCCCS requires that 90 percent of all approved medical claims be paid within 30 days and paid claims information be reported to AHCCCS within 120 days. However, the MMCS was not paying claims and reporting claims to AHCCCS within required timelines. AHCCCS fined the MMCS \$3.4 million for untimely submissions and unresolved claims for the contract periods ended September 30, 2003 through 2005.

Because of the deficiencies noted above, the records for the healthcare programs were not reliable. As a result, the auditors were unable to determine whether medical expenses, prepaid expenses, and medical claims payable reported on the healthcare programs' and the County's financial statements were accurate. These deficiencies are considered to be material internal control weaknesses over financial reporting that resulted in disclaimers of opinion on the financial statements of the Maricopa Health Plan Fund, the ALTCS Fund, and business-type activities. Auditors noted similar findings in prior years, which also resulted in disclaimers of opinion on those financial statements.

During fiscal year 2006, the Maricopa County Board of Supervisors approved the transfer and assignment of the AHCCCS Acute Health Care program to the Maricopa County Special Health Care District, a separate legal entity, effective October 1, 2005. All liabilities incurred prior to October 1, 2005, will remain with Maricopa County. In addition, the County discontinued the AHCCCS Arizona Long-Term Care System program effective September 30, 2005, and all associated liabilities will remain with Maricopa County.

The MMCS should have taken the following steps to correct the deficiencies noted:

- Established contractual provisions requiring contractors to have effective internal control systems that accurately and appropriately processed and paid claims; required all contractors to have independent audits of their claims processing systems; and reviewed and evaluated those audit reports, ensuring corrective action plans for deficiencies noted were in place and proper.
- Required all contractors to have fully tested their claims processing systems before implementation by following appropriate standards for systems development.
- Developed internal control policies and procedures to reconcile their accounting records to ensure accurate financial information.
- Consult with its attorneys regarding the validity of the written agreements with its medical providers for the settlement of claims. If these agreements are void or voidable because they constitute a gift of public monies, the County should then continue to seek recovery. In addition, the County should analyze payments to providers between the OAO system and the prior claims processing systems for duplicate payments and seek to recover any overpayments found.
- Paid all approved medical claims within 30 days and reported claims information to AHCCCS within 120 days.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

06-02

The County needs to improve capital asset reporting

Capital assets represent more than 67 percent of the County's total assets. Therefore, it is essential that the County accurately value and account for these assets. However, the County's internal control policies and procedures did not always ensure that its capital assets were properly valued and reported. Specifically, the County did not always correctly value and report flood control and transportation infrastructure assets. For example, the County incorrectly reported flood control and transportation infrastructure assets valued at nearly \$12 million that had been annexed by other governments. The County also removed transportation infrastructure assets valued at nearly \$30 million from its accounts in fiscal year 2006 that had been annexed by other governments in prior fiscal years. In addition, the County made numerous adjustments for prior period errors resulting from infrastructure assets that were improperly valued or capitalized. Finally, the County did not record donated transportation land at fair market value at the date of donation.

The County adjusted its financial statements for all significant errors and restated the July 1, 2005, balances for errors affecting prior fiscal years. These deficiencies are considered to be material internal control weaknesses. To ensure that the County accurately accounts for its capital assets, the County should implement the following procedures:

- Review the agendas of each meeting of the Maricopa County Board of Supervisors to identify infrastructure assets annexed by another government and approved by the Board. These infrastructure assets should then be removed from the County's records in the year of annexation.
- Adhere to its existing capital policies, including capitalizing only those expenditures that meet the County's capitalization criteria and recording donated capital assets at the estimated fair market value on the date of donation.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

Federal Award Findings and Questioned Costs

06-101

CFDA No.: 84.287 **Twenty-First Century Community Learning Centers**

U.S. Department of Education

Passed through the Arizona Department of Education

Award Year: July 1, 2005 through June 30, 2006

Award Numbers: 06FBPCY2-670696-01A and 06FBPCY3-660738-01A

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Questioned Cost—\$35,205

The Twenty-First Century Learning Centers program requires that learning centers provide assistance to students during nonschool hours or periods when school is not in session. The Superintendent of Schools did not have adequate internal control policies and procedures to ensure the learning centers complied with the program's activities allowed or unallowed and allowable costs/cost principles requirements. Specifically, the invoices submitted by the learning centers to the Superintendent of Schools were not adequately supported by timesheets. Auditors examined timesheets and noted the following deficiencies:

- One learning center did not include when employees started and stopped work, and, as a result, auditors were unable to determine if work was performed during nonschool hours. Auditors calculated all salary costs charged for the applicable employees who did not provide the time for when they started and stopped work on their time sheet. The questioned costs associated with this learning center totaled \$33,785.
- One learning center provided additional pay to an employee without documentation. Auditors examined the time sheet and hourly rate paid to the employee and determined the employee received an additional \$1,420 in salary.
- Time sheets did not always support the salary charges on the invoices. It was not practical to extend our auditing procedures sufficiently to determine whether any additional questioned costs resulted from this finding.

Based on auditors' evaluation of the cumulative effect of the internal control deficiencies in relation to the program's compliance requirements, this finding is a material internal control weakness and material noncompliance with the program's activities allowed or unallowed and allowable costs/cost principles requirements.

To comply with OMB Circular A-87, Attachment A, §(C)(1)(j), the Superintendent of Schools should maintain adequate documentation supporting each expenditure transaction, such as timesheets that include sufficient detail to explain the activities and hours of each employee.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

06-102

CFDA No.: 84.287 **Twenty-First Century Community Learning Centers**

U.S. Department of Education

Passed through the Arizona Department of Education

Award Year: July 1, 2005 through June 30, 2006

Award Numbers: 06FBPCY2-670696-01A and 06FBPCY3-660738-01A

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Questioned Cost—\$2,704

The Superintendent of Schools did not have adequate internal control policies and procedures to ensure compliance with the Twenty-First Century Learning Centers program's activities allowed or unallowed and allowable costs/cost principles requirements. Specifically, the Superintendent of Schools had no documentation supporting 3 of 14 expenditure transactions tested that totaled \$2,704. Consequently, auditors were unable to determine if the costs were spent on allowable activities.

It was not practical to extend our auditing procedures sufficiently to determine whether any additional questioned costs resulted from this finding. However, based on auditors' evaluation of the cumulative effect of the internal control deficiencies in relation to the program's compliance requirements, this finding is a material internal control weakness and material noncompliance with the program's activities allowed or unallowed and allowable costs/cost principles requirements.

To comply with OMB Circular A-87, Attachment A, §(C)(1)(j), the Superintendent of Schools should maintain adequate supporting documentation for each expenditure transaction, such as purchase requisitions, purchase orders, vendor invoices, and travel claims.

06-103

CFDA No.: 84.287 **Twenty-First Century Community Learning Centers**

U.S. Department of Education

Passed through the Arizona Department of Education

Award Year: July 1, 2005 through June 30, 2006

Award Numbers: 06FBPCY2-670696-01A and 06FBPCY3-660738-01A

Allowable Costs/Cost Principles

Questioned Cost—\$27,141

The Superintendent of Schools did not require its employees to provide periodic certifications or monthly personnel activity distribution reports for the time spent on the Twenty-First Century Community Learning Centers program. Therefore, the Superintendent of Schools did not have documentation supporting the distribution of employees' salaries and wages charged to the program for all four payroll transactions tested. As a result, the payroll costs for these transactions charged to the program in the amount of \$7,623 were considered unallowable.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

Auditors extended auditing procedures and determined that no periodic certifications or personnel activity distribution reports were completed for the entire fiscal year. As such, auditors questioned total payroll costs of \$27,141. Based on auditors' evaluation of the cumulative effect of the internal control deficiencies in relation to the program's compliance requirements, this finding is a material internal control weakness and material noncompliance with the program's allowable costs/costs principles requirement.

To help ensure that payroll costs charged to each program are allowable and properly supported in accordance with OMB Circular A-87, Attachment B, §(8)(h)(3-5), the Superintendent of Schools must maintain the following documentation for the distribution of employees' salaries or wages:

- For employees who work solely on a single federal program, the Superintendent of Schools must prepare semiannual certifications that the employees worked solely on that program for the period the certification covers. These certifications must be signed by the employee or supervisor having first-hand knowledge of the work the employee performed.
- For employees who work on multiple federal programs or on both federal and nonfederal activities, the Superintendent of Schools must require employees to prepare personnel activity reports, or equivalent documentation that reflect an after-the-fact distribution of each employee's actual activity and account for the total activity for which each employee is compensated. Employees must prepare and sign these reports at least monthly.

06-104

CFDA No.: 84.287 **Twenty-First Century Community Learning Centers**

U.S. Department of Education

Passed through the Arizona Department of Education

Award Year: July 1, 2005 through June 30, 2006

Award Numbers: 06FBPCY2-670696-01A and 06FBPCY3-660738-01A

Cash Management

Questioned Cost—Unknown

The Arizona Department of Education requires that subrecipients submit monthly cash management reports to demonstrate compliance with cash management requirements and to determine the subrecipient's subsequent month's cash disbursements. The Superintendent of Schools, a subrecipient, did not have adequate policies and procedures in place to ensure that expenditures were properly recorded in its financial system for the Twenty-First Century Community Learning Centers program, and it did not maintain documentation to support its cash management reports. Consequently, auditors were unable to determine if the Superintendent of Schools met the Arizona Department of Education's monthly cash management requirements. Additionally, auditors reviewed the completion reports, which are the final cash management reports, and determined they were submitted and accepted by the Arizona Department of Education approximately six months after the required due date.

It was not practical to extend our auditing procedures sufficiently to determine the amount of questioned costs, if any, that may have resulted from this finding. This finding is a material internal control weakness and material noncompliance with the program's cash management requirements.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

To help ensure compliance with the Arizona Department of Education's cash management requirements, the Superintendent of Schools must accurately record its expenditures in its financial system, maintain adequate documentation to support monthly cash management reports, and submit cash management reports by the due dates.

06-105

CFDA No.: 93.268 **Immunization Grants**

U.S. Department of Health and Human Services

Passed through the Arizona Department of Health Services

Award Year: July 1, 2005 through June 30, 2006

Award Number: HG352193

Eligibility

Questioned Cost—Unknown

The Department of Public Health is required to determine if a child is eligible to receive a vaccine from the Immunization Grant, Vaccine for Children program. An eligible child is defined as a child who is Medicaid-eligible, an American Indian or Alaskan Native, uninsured, or insured but the insurance does not cover the vaccination. The Department of Public Health has procedures in place that require a Consent for Immunization form be completed by the parent or legal guardian and require the form be reviewed by a screener to ensure that eligibility has been determined. However, eligibility was not indicated on the Consent for Immunization form for 3 out of 38 forms tested. Consequently, auditors could not determine if the children were eligible to receive the federally-funded vaccine.

It was not practical to extend our auditing procedures sufficiently to determine the amount of questioned costs, if any, that may have resulted from this finding. This finding is a reportable condition and an instance of noncompliance with the program's eligibility requirements.

To help ensure that only eligible children receive the federally-funded vaccine, the Department of Public Health should make sure employees follow its procedures to verify eligibility on all Consent for Immunization forms.

06-106

CFDA No.: 93.568 **Low-Income Home Energy Assistance**

U.S. Department of Health and Human Services

Passed through the Arizona Department of Economic Security

Award Year: July 1, 2005 through June 30, 2006

Award Numbers: E6306005 and E6301006

Eligibility

Questioned Cost—\$560

The Human Services Department has a contract with 12 community action programs, to perform eligibility determinations for various types of assistance, including the Low-Income Home Energy Assistance program (LIHEAP). Auditors reviewed 48 participant case files and determined that 2 of the files did not

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

contain all of the required documentation. Specifically, the case files were missing sufficient income verifications to support that the participant was eligible to receive LIHEAP funding at the time of the application. As a result, the services provided to these participants totaling \$560 may have been provided to ineligible participants.

It was not practical to extend our auditing procedures sufficiently to determine the amount of additional questioned costs, if any, that may have resulted from this finding. This finding is a reportable condition and an instance of noncompliance with eligibility requirements.

To help ensure compliance with 45 Code of Federal Regulations (CFR) §96.85 and the program's eligibility requirements, the Human Services Department must ensure that community action programs maintain the required income eligibility documentation in the participant case files.

06-107

CFDA No.: 93.569 **Community Services Block Grant**

U.S. Department of Health and Human Services

Passed through the Arizona Department of Economic Security

Award Year: July 1, 2005 through June 30, 2006

Award Numbers: E6306005 and E6301006

Allowable Costs/Cost Principles

Questioned Cost—Unknown

The Human Services Department prepared monthly personnel activity reports for those employees who worked on multiple federal programs, including the Community Services Block Grant (CSBG). However, the Department allocated CSBG payroll charges based on budgeted distribution percentages and did not perform quarterly comparisons of actual costs to budgeted distributions based on the monthly personnel activity reports to determine if adjustments were needed. As a result, auditors were unable to determine if all of the payroll costs charged to the CSBG program were allowable.

The CSBG program had 8 employees with payroll costs totaling \$278,299 for the fiscal year; however, it was not practical to extend our auditing procedures sufficiently to determine questioned costs, if any, that may have resulted from this finding. This finding is a material internal control weakness and material noncompliance with the program's allowable costs/cost principles requirements.

To help ensure that payroll costs charged to each program are allowable and properly supported in accordance with OMB Circular A-87, Attachment B, §(8)(h)(5), the Department must prepare comparisons at least quarterly of actual costs to budgeted distributions based on the monthly personnel activity reports and make all necessary adjustments to the accounting records.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

06-108

CFDA No.: 93.600 **Head Start**

U.S. Department of Health and Human Services

Award Year: July 1, 2005 through June 30, 2006

Award Number: 09CH7096/40

Allowable Costs/Cost Principles

Questioned Cost—Unknown

The Human Services Department did not maintain semiannual certifications prepared for the employees who worked solely on the Head Start program for the 26 payroll transactions tested. However, auditors did examine the properly approved time sheets and determined the payroll charges were allowable for the program.

This finding is a reportable condition and an instance of noncompliance with the program's allowable costs/cost principles requirements.

To help ensure that payroll costs charged to each program are allowable and properly supported in accordance with OMB Circular A-87, Attachment B, §(8)(h)(3), the Department must prepare and retain semiannual certifications that the employees worked solely on that program for the period the certification covers. These certifications must be signed by the employee or supervisor having first-hand knowledge of the work the employee performed.

06-109

CFDA No. 93.600 **Head Start**

U.S. Department of Health and Human Services

Award Year: July 1, 2005 through June 30, 2006

Award Number: 09CH7096/40

Suspension and Debarment

Questioned Cost—None

The Human Services Department did not retain the required suspension and debarment certifications for 15 of 15 vendors that were contracted to provide goods and services for the Head Start program as required by 45 CFR §92.35. However, auditors verified that none of these vendors were suspended or debarred.

This finding is a material internal control weakness with the program's suspension and debarment requirements.

To help ensure compliance with 45 CFR §92.35, the Human Services Department should ensure that its contractor files contain the required suspension and debarment certifications.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

06-110

CFDA No.: 93.914 HIV Emergency Relief Project Grants

U.S. Department of Health and Human Services

Award Year: March 1, 2005 through February 28, 2006

March 1, 2006 through February 28, 2007

Award Number: 6H89HA00031-12-05 and 6H89HA00031-13-02

Allowable Costs/Cost Principles

Questioned Cost—None

The Public Health Department prepared certifications for the employees who worked solely on the Ryan White program on an annual rather than semiannual basis. For the employees selected for test work, auditors reviewed the annual certifications and determined that the employees worked solely on the federal program.

This finding is a reportable condition and an instance of noncompliance with the program's allowable cost/cost principles requirements.

To help ensure that payroll costs charged to each program are allowable and properly supported in accordance with OMB Circular A-87, Attachment B, (8)(h)(3), the Department must prepare semiannual certifications that the employee worked solely on that program for the period covered by the certification.

The other auditors who audited the Housing Authority of Maricopa County reported the following reportable conditions:

06-111

CFDA No.: 14.871 Section 8 Housing Choice Vouchers

U.S. Department of Housing and Urban Development

Award Year: July 1, 2005 to June 30, 2006

Award Number: AZ009

Special Tests and Provisions

Questioned Cost—None

Criteria

The Code of Federal Regulations and HUD guidelines give the requirements related to the Section Eight Management Assessment Program (SEMAP) for Public Housing Agencies. Specifically, 24CFR Part 985 gives the requirements in relation to the SEMAP certification. SEMAP is used to remotely measure the Authority's performance and administration of the Housing Choice Vouchers program. SEMAP uses HUD's national database of tenant information and information from audits conducted annually by independent auditors. HUD will annually assign each Authority a rating on each of the 14 indicators and an overall performance rating of high, standard, or troubled. Metropolitan Authorities will also be able to earn a bonus for their achievements in encouraging assisted families to choose housing in low poverty areas.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

Condition and Cause

HUD conducted a SEMAP Confirmatory Review and a SEMAP Quality Control Review of the Authority during the current year audit period. The issue date of the report was July 28, 2006. The modified score as a result of the review was a percentage of 42%, which designates a troubled rating. The review found that the Authority had not implemented a Quality Control review system that was in compliance with regulatory requirements and was not properly documented. The review contained the following findings:

The Authority did not maintain Quality Control files thus was unable to document quality control activities were completed which:

1. leave a clear audit trail that can be used to verify that quality control samples were taken in an unbiased manner in a size meeting at least the minimum level required
2. have a methodology of the quality control testing which reflect the SEMAP indicator criteria being tested
3. confirm the SEMAP certification is consistent with the quality control documentation on file at the Authority
4. that the annual examination of utility expense was conducted

Recommendation

HUD had the following recommendations as a result of the review. They are as follows:

1. The Authority must prepare a Corrective Action Plan (CAP) or submit documentation that deficiencies have been corrected.
2. The Authority must maintain detailed documentation, indicator – by – indicator in its quality control files. Quality control files must be established and maintained for Indicator 1 – Waiting List; Indicator 2 – Rent Reasonableness; Indicator 3 – Determination of Adjusted Income; Indicator 5 – Housing Quality Control Inspections; and Indicator 6 – HQS Enforcement.
3. The minimum sample size must be in compliance with the regulations at 24 CFR 985.2. As prescribed in 24 CFR 985.3, the method of selecting the Authority's quality control sample must leave a clear audit trail that can be used to verify that the sample was drawn in an unbiased manner for the required quality control indicators. Documentation must be resident in the Authority's files to indicate that supervisory quality control reviews have been completed and indicate corrective action for identified errors.
4. Documentation must be maintained regarding the annual examination of utility expenses.

Maricopa County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

06-112

CFDA No.: 14.871 **Section 8 Housing Choice Vouchers**

U.S. Department of Housing and Urban Development

Award Year: July 1, 2005 to June 30, 2006

Award Number: AZ009

Special Tests and Provisions

Questioned Cost—Unknown

Criteria

The Annual Contributions Contract, OMB Circular A-87, Allowable Cost Principles, HUD Accounting guidelines as outlined in the applicable handbooks and general accounting principles and requirements were used as the authoritative literature in determining this finding. 24CFR Part 982 gives the requirements for appropriate payments from only authorized receipts, and compliance with housing assistance payments contract. The annual contract also specifically requires appropriate internal controls be established to safeguard the assets.

Condition & Cause

HQS inspections were tested for compliance in the current fiscal year. Of the 15 HQS inspections selected for review, 6 revealed HQS deficiencies in relation to re-inspections that would require rent abatement. The Authority continued to make HAP payments to the landlords/tenants. Management also relayed to the auditors that it appears that HQS inspections might have been fabricated. Per an internal review conducted by the Authority, the two inspectors would conduct exorbitant amounts of inspections in one day.

Recommendation

We recommend the Authority strengthen its internal controls in relation to the HQS abatement process. It is also recommended that the Authority review the units put in abatement for the year ended June 30, 2006 to ensure HAP payments were not spent on these units. We further recommend the Authority seek repayment from the landlords found to be in receipt of ineligible HAP payments.



Maricopa County

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November 21, 2007

Debbie Davenport

Auditor General

2910 North 44th Street, Suite 410

Phoenix, AZ 85018

Dear Ms. Davenport:

The accompanying Corrective Action Plan has been prepared as required by U.S. Office of Management and Budget Circular A-133. Specifically, we are providing you with the names of the contact persons responsible for corrective action, the corrective action planned, and the anticipated completion date for each audit finding included in the current year's Schedule of Findings and Questioned Costs.

Sincerely,

Shelby L. Scharbach

Deputy Finance Director

**Maricopa County
Corrective Action Plan
Year Ended June 30, 2006**

Financial Statement Findings

06-01

The County should have established effective internal controls to properly administer its healthcare programs.

Contact Person: Shelby Scharbach, Deputy Finance Director, Maricopa County Department of Finance, (602) 506-1367

Anticipated Completion Date: June 30, 2007

During fiscal year 2006, the Maricopa County Board of Supervisors approved the transfer and assignment of the AHCCCS-Acute Health program to the Maricopa County Special Health Care District, a separate legal entity, effective October 1, 2005. In addition, the County discontinued the AHCCCS-Arizona Long-Term Care System program effective September 30, 2005. The County will not address the specific areas of recommendation as the County has closed its healthcare programs and there are no new claims being processed. At June 30, 2007, any residual healthcare plan activity had been transferred to the General Fund where miscellaneous receivables and payables have been recorded. The County addressed the corrective action for this finding in greater detail in the fiscal year 2005 Single Audit.

06-02

The County needs to improve capital asset reporting

Contact Person: Bridget Harper, Financial Supervisor, Maricopa County Department of Finance, (602) 372-3505

Anticipated Completion Date: March 31, 2008

The County is developing policies and procedures over infrastructure reporting that will provide County departments with guidance on infrastructure assets, including procedures for reporting annexations and infrastructure asset valuation. These procedures should be completed, approved by either the County Board of Supervisors or the District Board of Directors, and implemented by March 2008. In addition, Maricopa County Department of Transportation has streamlined the review process of board agendas to ensure that those reporting infrastructure deletions and additions are informed of annexations in a timely manner.

**Maricopa County
Corrective Action Plan
Year Ended June 30, 2006**

Federal Award Findings and Questioned Costs

06-101

CFDA No.: 84.287 Twenty-First Century Community Learning Centers

Contact Person: Terry Quest, Director of Finance, Maricopa County Superintendent of Schools, (602) 506-4761

Anticipated Completion Date: December 31, 2007

The Maricopa County Superintendent of Schools will implement adequate internal control policies and procedures to ensure the learning centers comply with the program's activities allowed or unallowed and allowable costs/cost principles requirements. These procedures will include requiring actual time in/out worked on the timesheets. The site coordinator will approve all time sheets for approval to pay. Timesheets are sent to Maricopa County Superintendent of Schools for final approval by the program manager for the payment to be processed.

06-102

CFDA No.: 84.287 Twenty-First Century Community Learning Centers

Contact Person: Terry Quest, Director of Finance, Maricopa County Superintendent of Schools, (602) 506-4761

Anticipated Completion Date: June 30, 2007

During fiscal year 2007, the Maricopa County Superintendent of Schools implemented internal control policies and procedures to ensure compliance with the program's activities allowed or unallowed and allowable costs/cost principles requirements. The Maricopa County Superintendent of Schools began using an internal software system for school districts called Visions, which allows budget control for the grant. In order to process a purchase requisition, approval from both the Educational Services Program Director and the Superintendent of Schools Director of Finance is required. When it is determined the expenditures are allowable and within budget, a purchase order is processed. Supporting documentation is attached to the purchase order for audit purposes. Final purchase and/or travel expenditures are processed for payment through Maricopa County's Financial System (Advantage) and are reconciled on a monthly basis.

06-103

CFDA No.: 84.287 Twenty-First Century Community Learning Centers

Contact Person: Terry Quest, Director of Finance, Maricopa County Superintendent of Schools, (602) 506-4761

Anticipated Completion Date: June 30, 2007

During fiscal year 2007, the Maricopa County Superintendent of Schools implemented internal control policies and procedures to ensure compliance with the program's allowable costs/cost principles requirements. These procedures require employees that are funded by both federal and nonfederal programs to submit activity reports that show the distribution of each employee's actual activity and account for the total activity.

**Maricopa County
Corrective Action Plan
Year Ended June 30, 2006**

Employees submit this report twice a month with their original timesheet, which are signed by the employee and the supervisor verifying the reports are accurate.

06-104

CFDA No.: 84.287 Twenty-First Century Community Learning Centers

Contact Person: Terry Quest, Director of Finance, Maricopa County Superintendent of Schools, (602) 506-4761

Anticipated Completion Date: June 30, 2007

During fiscal year 2007, the Maricopa County Superintendent of Schools implemented internal control policies and procedures to ensure compliance with the program's cash management requirements. The Maricopa County Superintendent of Schools began using an internal software system for school districts called Visions, which allows budget control for the grant. The procedures require cash drawdowns to be based on actual cash needs that are supported by County finance reports and internal grant management reports to justify the need for monies to be released for encumbrances/requisitions that do not exceed 30 days.

06-105

CFDA No.: 93.268 Immunization Grants

Contact Person: Scot Pitcairn, Finance/Budget Supervisor, Maricopa County Department of Public Health, (602) 506-6963

Anticipated Completion Date: January 31, 2008

The Maricopa County Department of Public Health currently has procedures in place for recipients of this program to record eligibility on the proper forms and for the form to be reviewed by a screener for accuracy. The Department of Public Health will conduct trainings for all employees involved with this program on the proper procedures for screening review and to ensure that this area is verified.

06-106

CFDA No.: 93.568 Low-Income Home Energy Assistance

Contact Person: Eileen Hartnett, Community Services Operation Supervisor, Maricopa County Human Services Department, (602) 506-4844

Anticipated Completion Date: January 31, 2008

The Maricopa County Human Services Department, Community Services Division has developed and will implement internal control policies and procedures to ensure compliance with the program's eligibility requirements. These procedures will include providing training to and monitoring of subrecipient staff on these requirements. The subcontracted Community Action Programs (CAP) will be requested to contact clients in order to obtain the missing information to be placed in each of the client files. On site monitoring visits in fiscal year 2008 will review these files for compliance. The Community Services Division conducts new CAP Case worker training for all CAP case workers before they are allowed to take financial assistance applications, as well as

**Maricopa County
Corrective Action Plan
Year Ended June 30, 2006**

training for all CAP workers to provide updated information on funding sources on at least an annual basis. The training does include the requirements for documentation of income eligibility. The training scheduled for November 2007 will be updated to include additional specific information regarding the utilization of bank statements as sources of income.

06-107

CFDA No.: 93.569 Community Services Block Grant

Contact Person: Nancy Rooney, Grant Accountant, Maricopa County Human Services Department, (602) 506-4859

Anticipated Completion Date: December 31, 2007

The Maricopa County Human Services Department will implement internal control policies and procedures to ensure compliance with the program's allowable costs/cost principles requirements. These procedures will require monthly activity reports for those employees who worked on multiple federal programs, including the Community Service Block Grant (CSBG) to be available for review on a quarterly basis starting the second quarter of fiscal year 2008. A report showing the comparisons of actual payroll costs to budgeted distributions based on the monthly activity reports will be maintained. The CSBG program has eight employees who are assigned the same task each payroll. If there are changes, adjustments to accounting records will be made and this information will be maintained in a quarterly file for review.

06-108

CFDA No.: 93.600 Head Start

Contact Person: Steven Willis, Grant Accountant, Maricopa County Human Services Department, (602) 506-3007

Anticipated Completion Date: January 31, 2007

The Maricopa County Human Services Department will implement internal control policies and procedures to ensure compliance with the program's allowable costs/cost principles requirements. These procedures will include instructing all program personnel to include certification forms with the timesheets that are submitted every 6 months for employees who work solely on a single federal program. These reports will be available for fiscal year 2007 and will include all Head Start personnel.

06-109

CFDA No.: 93.600 Head Start

Contact Person: Steven Willis, Grant Accountant, Maricopa County Human Services Department, (602) 506-3007

Anticipated Completion Date: March 31, 2008

The Maricopa County Human Services Department will implement internal control policies and procedures to ensure compliance with the program's suspension and debarment requirements. These procedures will require that the suspension and

**Maricopa County
Corrective Action Plan
Year Ended June 30, 2006**

debarment certifications be maintained in the contractor files for all new contracts signed in fiscal year 2008.

06-110

CFDA No.: 93.914 HIV Emergency Relief Project Grants

Contact Person: Scot Pitcairn, Finance/Budget Supervisor, Maricopa County Department of Public Health, (602) 506-6963

Anticipated Completion Date: May 31, 2007

In October 2005, the Maricopa County Department of Public Health centralized the payroll process into its Human Resources Division to better monitor the payroll process and to ensure payroll documentation is retained. The Department of Public Health instructed all program personnel to include Personnel Activity Reports (PAR) with each timesheet submitted for employees who work on multiple federal programs or on a federal program and non-federal activities. Also, the Department of Public Health instructed all program personnel to include certification forms with the timesheets that are submitted every 6 months for employees who work solely on a single federal program. Training has occurred instructing managers on the importance of the required forms and programs are following these procedures.

06-111

CFDA No.: 14.871 Section 8 Housing Choice Vouchers

Contact Person: Karen Mofford, Finance Manager, Housing Authority of Maricopa County, (602) 744-4517

Anticipated Completion Date: June 30, 2007

The final SEMAP certification score for the year ending June 30, 2006 per our self-certification is 81%, which represents a designation of Standard. HUD will be conducting a SEMAP Certification – Confirmatory Review of the Authority for fiscal year 2006 starting on February 26, 2007. Alphonso Patrick, Executive Director, expects this situation to be resolved in the current fiscal year.

06-112

CFDA No.: 14.871 Section 8 Housing Choice Vouchers

Contact Person: Karen Mofford, Finance Manager, Housing Authority of Maricopa County, (602) 744-4517

Anticipated Completion Date: June 30, 2007

We were made aware of the existing problems in the area of HQS inspections and enforcement. As a result, the two individuals who were in charge of HQS inspections have been terminated. We are now in the process of procuring a third-party inspector to handle all HQS inspections. Alphonso Patrick, Executive Director, expects the situation to be resolved in the current year.



Maricopa County

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November 21, 2007

Debbie Davenport
Auditor General
2910 North 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport:

The accompanying Summary Schedule of Prior Audit Findings has been prepared as required by U.S. Office of Management and Budget Circular A-133. Specifically, we are reporting the status of audit findings included in the prior audit's Schedule of Findings and Questioned Costs related to federal awards. This schedule also includes audit findings reported in the prior audit's Summary Schedule of Prior Audit Findings that have not been corrected.

Sincerely,

Shelby L. Scharbach
Deputy Finance Director

Maricopa County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2006

Status of Federal Award Findings and Questioned Costs

CFDA No.: 14.850 – Public and Indian Housing

Finding No. 05-111

Status: Fully corrected.

CFDA No.: 14.871 – Section 8 Housing Choice Vouchers

Finding No. 04-103

Status: Fully corrected.

CFDA No.: 16.592 – Local Law Enforcement Block Grants Program

Finding No. 04-106

Status: Partially corrected.

The Juvenile Probation Department returned unspent grant funds to the Grantor and properly reported expenditures on Financial Status Reports. In February 2007, the Juvenile Probation Department drafted written procedures for final grant close-out to ensure that all revenues and expenditures, payroll accruals and interest are accounted for and reported to the grantor in a timely manner. This finding was fully corrected by February 2007. Contact person is Tony Weaver, Finance Manager, (602) 506-4338.

CFDA No.: 93.153 – Coordinated Services and Access to Research for Women, Infants, Children, and Youth

Finding No. 04-107

Status: Fully corrected.

CFDA No.: 93.283 – Centers for Disease Control and Prevention – Investigations and Technical Assistance

Finding No. 04-109, 05-110

Status: Fully corrected.

CFDA No.: 93.283 – Centers for Disease Control and Prevention – Investigations and Technical Assistance

CFDA No.: 93.940 – HIV Prevention Activities – Health Department Based

Finding No. 05-105

Status: Not corrected.

The County's policies and procedures require procurement documentation to be retained for only one year. The County's Materials Management Department is reviewing its policies and procedures to align them with 45 CFR §92.36(i)(11). Procurements done by the Public Health Department will be retained in compliance with 45 CFR §92.36(i)(11). The Public Health Department will consult with the Arizona Department of Health Services (ADHS) regarding their 5 year retention requirement,

Maricopa County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2006

which exceeds the 3 year federal requirement, to determine if it must use the longer retention period. As the Single Audit for fiscal year 2005 was not completed until March 2007, the County was unable to implement a corrective action plan until fiscal year 2007. Contact person is Scot Pitcairn, Finance/Budget Supervisor, Maricopa County Department of Public Health, (602) 506-6963.

CFDA No.: 93.914 – HIV Emergency Relief Project Grants

Finding No. 05-106

Status: Not corrected.

The Public Health Department centralized the payroll process into its Human Resources Division to better monitor the payroll process and to ensure payroll documentation is retained. In addition, the Public Health Department will instruct all program personnel to include Personnel Activity Reports (PAR) with each timesheet submitted for employees who work on multiple federal programs or on a federal program and non-federal activities. Also, the Public Health Department will instruct all program personnel to include certification forms with the timesheets that are submitted every 6 months for employees who work solely on a single federal program. These forms will ensure that time is billed to the proper contract. As the Single Audit for fiscal year 2005 was not completed until March 2007, the County was unable to implement a corrective action plan until fiscal year 2007. Contact person is Scot Pitcairn, Finance/Budget Supervisor, Maricopa County Department of Public Health, (602) 506-6963.

CFDA No.: 93.914 – HIV Emergency Relief Project Grants

Finding No. 05-107

Status: Not corrected.

The Public Health Department was unable to locate the program files requested by the auditors. The Public Health Department will maintain a log of all files sent for archival to ensure that such files are maintained as required by 45 CFR §92.42. As the Single Audit for fiscal year 2005 was not completed until March 2007, the County was unable to implement a corrective action plan until fiscal year 2007. Contact person is Scot Pitcairn, Finance/Budget Supervisor, Maricopa County Department of Public Health, (602) 506-6963.

CFDA No.: 93.914 – HIV Emergency Relief Project Grants

Finding No. 04-110, 05-108

Status: Fully corrected.

Maricopa County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2006

CFDA No.: 93.914 – HIV Emergency Relief Project Grants

Finding No. 05-109

Status: Not corrected.

The Public Health Department is in discussions with the Materials Management Department regarding the use of cooperative purchasing agreements utilized within the County. The County recognizes the concerns of the auditors and will consider solutions that satisfy all parties involved. As the Single Audit for fiscal year 2005 was not completed until March 2007, the County was unable to implement a corrective action plan until fiscal year 2007. Contact person is Scot Pitcairn, Finance/Budget Supervisor, Maricopa County Department of Public Health, (602) 506-6963.

CFDA No.: 93.940 – HIV Prevention Activities – Health Department Based

Finding No. 05-101

Status: Not corrected.

The Public Health Department will train all program personnel on record retention to ensure that documentation of work done is maintained for the required time period. The program manager is implementing procedures for performance reports. These procedures will require a spreadsheet to be maintained that details all deliverables, due date, and the person responsible. Also, all performance reports will have appropriate documentation and will be signed by a supervisor. As the Single Audit for fiscal year 2005 was not completed until March 2007, the County was unable to implement a corrective action plan until fiscal year 2007. Contact person is Scot Pitcairn, Finance/Budget Supervisor, Maricopa County Department of Public Health, (602) 506-6963.

CFDA No.: 93.940 – HIV Prevention Activities – Health Department Based

Finding No. 05-102

Status: No longer valid.

The County hired an outside consulting firm to help identify and correct errors relating to service and reporting for the PROMISE contract in response to internal audits of this program. The consultants and the County agreed that the errors could not be corrected in a timely and cost effective manner. Therefore, the County consulted with the Arizona Department of Health Services (ADHS) and recommended that the program be defunded. The PROMISE contract is no longer administered by the County.

CFDA No.: 93.940 – HIV Prevention Activities – Health Department Based

Finding No. 05-103

Status: Partially corrected.

In January 2006, the Public Health Department began requiring Personnel Activity Reports (PAR) with each timesheet or certification forms submitted every 6 months for employees who work solely on a single federal program. Contact person is Scot

Maricopa County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2006

Pitcairn, Finance/Budget Supervisor, Maricopa County Department of Public Health,
(602) 506-6963.

CFDA No.: 93.940 – HIV Prevention Activities – Health Department Based

Finding No. 05-104

Status: Not corrected.

The Public Health Department has centralized all p-card travel purchases to ensure that travel is properly approved, documented, and procured. Documentation will be maintained to verify that training meetings and the related travel are allowable. In addition, the Public Health Department's Central Procurement Unit will ensure that procurement policy and procedures are followed for all internet and other purchases. Documentation for internet purchases will be supported by bills of lading, receipts, or other documents to verify what was ordered and that it was properly authorized. Also, all p-card purchases will be requested on a Purchase Request Form that will be approved by the program supervisor who is knowledgeable of the program's allowable costs and activities. As the Single Audit for fiscal year 2005 was not completed until March 2007, the County was unable to implement a corrective action plan until fiscal year 2007. Contact person is Scot Pitcairn, Finance/Budget Supervisor, Maricopa County Department of Public Health, (602) 506-6963.